Agricultural HISTORY

Volume VII—Number 2

APRIL

1933

PUBLISHED QUARTERLY

by

THE AGRICULTURAL HISTORY SOCIETY

AGRICULTURAL HISTORY

Published Quarterly by the Agricultural History Society

CONTENTS

AGRICULTURAL HISTORY is designed as a medium for the publication of research and documents pertaining to the history of agriculture in all its phases and as a clearing house for information of interest and value to workers in the field. Materials on the history of agriculture in all countries are included, and also materials on institutions, organizations, and sciences which have been factors in agricultural development.

Correspondence concerning contributions and books for review may be sent to Everett E. Edwards, Room 3035, South Building, 13th and B Streets, S.W., Washington, D. C.; correspondence concerning membership dues and business matters, to O. C. Stine, at the same address.

Agricultural History is sent to members of the Agricultural History Society. Annual membership, $3.00; life membership, $100.00. A list of the articles in earlier numbers of Agricultural History will be found on the inside back cover. Single numbers and back files may be obtained from the secretary.

The Agricultural History Society assumes no responsibility for statements, whether of fact or of opinion, made by contributors.

Entered as second-class matter, October 12, 1928, at the post office at Baltimore, Maryland, under the Act of March 3, 1879.

AGRICULTURAL HISTORY

VOLUME VII, NUMBER 2, April, 1933

CONTRIBUTORS

Dr. Charles T. Leavitt ("Attempts to Improve Cattle Breeds in the United States, 1790–1860") is a resident of Cedar Falls, Iowa. He is a graduate of Beloit College (B. A., 1925), and of the University of Chicago (Ph.D., 1931), his doctoral dissertation being "The History of the Meat and Dairy Livestock Industries in the United States, 1819 to 1860." He was acting professor of history at Dakota Wesleyan University during 1931–32. His article entitled "Some Economic Aspects of the Western Meat-Packing Industry, 1830–1860," in the *Journal of Business of the University of Chicago*, 4:68–90 (January, 1931), and the article included in this number of *Agricultural History* are parts of the larger study mentioned above.

Mr. Arthur G. Peterson ("Futures Trading with Particular Reference to Agricultural Commodities") has been an associate agricultural economist at the United States Department of Agriculture since 1928. He is a graduate of the University of Minnesota (B.S., 1925; M.A., 1926), and of Harvard University (A.M., 1933) where he was a fellow of the Social Science Research Council during 1930–31. His "Historical Study of Prices Received by Producers of Farm Products in Virginia, 1801–1927," was issued by the Virginia Agricultural Experiment Station as its *Technical Bulletin 37* (Blacksburgh, Va., 1929. 218 p.). He has also written a number of articles on, or relating to, the agricultural history of Virginia.

Dr. V. Alton Moody ("Agrarian Reform before Post-War European Constituent Assemblies") is associate professor of history at Iowa State College. Following the Armistice he served as archivist for the historical section of the General Staff of the American Expeditionary Forces. He has taught at the Middle Tennessee State Teachers College, Albion College, and the University of Tennessee. His study of "Slavery on Louisiana Sugar Plantations," submitted as a doctoral dissertation at the University of Michigan in 1923, appeared in the *Louisiana Historical Quarterly*, 7:191–301 (April, 1924), and separately. He is now engaged in an extensive study of Recent European Agrarian Reform which is to appear in book form.

AGRICULTURAL HISTORY

VOLUME VII APRIL, 1933 NUMBER 2

ATTEMPTS TO IMPROVE CATTLE BREEDS IN THE UNITED STATES, 1790–1860

CHARLES T. LEAVITT

Although many books and articles have been written on the improvement of livestock breeds in the United States, practically all of them have been in the nature of histories of the various improved breeds. The value of these histories has been further limited by the fact that they have been, in the main, written from the genealogical point of view, that is, the history of famous families within the breed. However significant this may be for the study of the improvement of breeds, this particular approach does not give an adequate picture of livestock improvement as a whole; nor is it presented in its proper proportions, particularly for the earlier periods of our country.

There were probably two fundamental factors necessary to any considerable improvement of livestock breeds in general, and of cattle in particular,—sufficiently high profits as brought about by speculative eras or good markets, and the development of so-called improved breeds. The influence of high prices on improvement is perhaps more evident in the case of cattle than in any other kind of livestock, due to the greater amount of capital needed in purchasing improved stock, and the longer time required to multiply their number. It is significant that the three periods of high beef prices from the War of 1812 to the Civil War,—1815 to 1819, 1834 to 1839, and during the fifties,—were the most important years for the importation of Shorthorns, the only breed of improved cattle imported in large numbers before the Civil War.

The story of the development, under the leadership of Robert Bakewell and others, of the various improved breeds of livestock which could pass on their improvements to their progeny with fair certainty, is too well known to repeat here. It only needs to be noted that England and Europe were ready to supply the United States with improved types just as soon as breeders found it remunerative to purchase them.[1]

Other influences, besides the two fundamental ones already mentioned, prepared the way for improvement in livestock breeds or helped to advertise their importance. The widespread introduction of clover, in connection with gypsum, in the Middle States and New England during the generation after the Revolution, particularly from 1785 to 1810, was of great importance in improving the quality of their pastures and soils, and enabled them to provide the feed that improved breeds usually required.[2]

The development of county fairs, or, as they were often called, the cattle shows, enabled farmers to compare the quality of their cattle with that of their neighbors, and by appealing to their pride, encouraged them to have livestock of at least equally good quality.[3] Elkanah Watson, a gentleman farmer, sponsored the first one at Pittsfield, Massachusetts, in 1807. Within a few years they had attracted widespread attention, spurred on by State bounties, and large numbers of them were to be found in nearly all the New England and Middle States, and had even penetrated into the South and West before 1820.[4] For a period in the twen-

[1] Charles Sumner Plumb, *Types and Breeds of Farm Animals* (New York, 1906). Note the short history of the English or European background accompanying the discussion of each of the various breeds.

[2] Philadelphia Society for Promoting Agriculture, *Memoirs*, 1:161–166 (1815); Richard Peters, *Agricultural Enquiries on Plaister of Paris*, *passim* (Philadelphia, 1797); Society for the Promotion of Useful Arts, *Transactions*, 1:26 (New York, 1792); Society for Promoting Agriculture in Connecticut, *Transactions*, *passim* (New Haven, 1802); Timothy Dwight, *Travels in New England and New York*, 1:352 (New Haven, 1821).

[3] Elkanah Watson, "History of Agricultural Societies on the Modern Berkshire System," in his *History of the Rise, Progress, and Existing Condition of the Western Canals in the State of New York. . .*, 159 (Albany, 1820).

[4] Percy W. Bidwell and John I. Falconer, *History of Agriculture in the Northern United States, 1620–1860* (Carnegie Institution of Washington, Publication 358), 187–188 (Washington, D. C., 1925); Watson, *op. cit.*, 115–127, 148–162.

ties and thirties many of them became dormant, due to the withdrawal of State aid.[5] Nevertheless, testimony was frequently given, even in this period, to the influence of these societies and fairs in securing improved livestock. William Renick stated that it was the "beautiful display at the county fairs [then recently revived], and elsewhere, of the many beautiful animals of the English improved Durhams" that led to the famous Ohio importations of Shorthorns in 1834.[6] These fairs also aided in distributing improved breeds by serving as a common meeting place for buyers and sellers.[7]

The agricultural press was another factor of importance in developing an interest in better livestock. The first exclusively agricultural magazine, the *Agricultural Museum*, was published at Georgetown, D. C., during 1810–1812.[8] In 1819 appeared the *American Farmer*, destined to be one of the best, as well as the first long-lived, agricultural magazines, lasting until the end of our period under various editors and titles. From 1819 to 1860, at least two hundred and fifty-nine agricultural magazines were started, sixty-four of which were published for five years or more.[9] Four of these sixty-four magazines were begun before 1830, and twenty in each one of the next three decades.[10] The circulation of many of them was probably quite small, though there is little data on which to base an estimate. However, in 1857, three of the New York agricultural magazines had a circulation of over twenty thousand each.[11] In any case they were an influence not to be ignored. Articles on the improvement of livestock, the

[5] Bidwell and Falconer, *op. cit.*, 189.

[6] United States Census Office, Eighth Census, 1860, *Agriculture of the United States in 1860*, cxxxiii.

[7] *New York Farmer*, 5:51 (1832); 6:342 (1833).

[8] See Claribel R. Barnett, "The Agricultural Museum; An Early American Agricultural Periodical," *Agricultural History*, 2:99–102 (April, 1928).

[9] Based on the author's analysis of the card bibliography by Steven C. Stuntz of the American agricultural journals in the library of the United States Department of Agriculture, Washington, D. C.

[10] The sixty-four were distributed as follows: New England, 12; Middle, South, and Northwest, 17 each; California, 1.

[11] Robert Russell, *North America, Its Agriculture and Climate*, 23 (Edinburgh, 1857); the journals were the *Country Gentleman*, the *Rural New Yorker*, and the *Genesee Farmer*.

merits of different breeds, and the weight or production records of the various improved stock, as contributed by the magazine editors, subscriber correspondents, and interested breeders, were of frequent occurrence.

A fourth factor which encouraged the cattle breeders to initiate improvements was the successful improvement in fine-wool sheep resulting from the importation of Merinos just before the War of 1812, the importation of improved swine breeds, and the development of our own improved swine showing what might be done with cattle.[12]

Shorthorns were the only improved beef breed to be imported on a large scale before 1860. However, before the fifties, they hardly existed in any part of the country except the Blue Grass Region of Kentucky and the Scioto Valley of Ohio in large enough numbers to implant their characteristics in many cattle. Therefore, most of such improving as was done was based on the native cattle breeds.

The farmers of New England, and particularly those of Rhode Island and the Connecticut Valley, with greater dependence on beef cattle for a cash income and better pastures than the regions to the south, had the best native cattle breeds prior to 1820, according to contemporary critics.[13] The lack of any great profits in beef cattle raising and fattening after 1819 in New England probably deterred farmers from investing in "improved" breeds, but did not prevent them from gradually improving their native stock. In 1829 a Boston packer expressed the opinion that the quality of New England beef cattle had improved at least ten per cent during the previous decade.[14] Other writers in the years

[12] Plumb, *op. cit.*, 381, 430–432, 438, 443, 474–475, 484–487, 497–498; Bidwell and Falconer, *op. cit.*, 217–220, 229–230, 440.

[13] Rodolphus Dickinson, *Geographical and Statistical View of Massachusetts*, 11 (Greenfield, Mass., 1813); Duke [F. A. F. de] La Rochefoucauld-Liancourt, *Travels through the United States of North America, in the years 1795, 1796, and 1797*, translated by H. Neuman, 1:399 (London, 1799); Andrew Burnaby, *Travels through the Middle Settlements in North America*, edited by R. R. Wilson, 123 (New York, 1904).

[14] *New England Farmer*, 8:92 (1829).

before 1840 thought that the improvement had been considerable although not as striking as with swine or sheep.[15]

The Middle States farmers were satisfied with rather scrubby cattle prior to the War of 1812, their interest being grain.[16] The incentive to engage in beef cattle raising after the war increased only slightly and up to 1840, observers failed to see any improvement save in limited districts in southwestern New York.[17] Quite likely, however, the standards of these commentators had been raised; and their remarks were perhaps made in implied comparison with the improved cattle of the Kentucky Blue Grass and the Scioto Valley of Ohio which were then beginning to appear in Eastern markets.

Hardy scrubs were the only kind that could survive the treatment that cattle received in the Southern tobacco, rice, and cotton belts.[18] However, the farmers of the Virginia Piedmont and the Shenandoah Valley were getting better breeds as beef cattle fattening became more important.[19] On the advancing frontier of the Northwest, a type of cattle not dissimilar to those in the South was needed: "His kine are such as can pick their livelihood from the brush, or if they have a prairie to graze upon and they stray away, such as a year's labour and produce of his farm will not be required to replace. . . ."[20] As the frontier receded westward, two general kinds of native cattle appeared, suitable to two different types of regions. "In the more hilly and timbered localities, the cattle were smaller, of compact build, hardy, healthy, and easily fatted; whereas in the more open portion of the coun-

[15] *Massachusetts Agricultural Repository and Journal*, 10:212 (1831); Massachusetts Board of Agriculture, *Fourth Report on Agriculture of Massachusetts*, 1841:302; *American Farmer* (n.s.), 2:236 (1840).

[16] *American Husbandry*, 1:231 (London, 1775); *American Farmer*, 1:99 (1819); La Rochefoucauld-Liancourt, *op. cit.*, 2:23.

[17] *Plough Boy*, 3:1 (1822); New York Board of Agriculture, *Memoirs*, 2:448 (1823); *Genesee Farmer*, 2:316 (1832); *New England Farmer*, 6:109 (1827).

[18] *American Agriculturist*, 5:248 (1846); Virginia Board of Agriculture, *Report*, 11 (Richmond, 1842); *Genesee Farmer* (n.s.), 9:166 (1848).

[19] *Southern Planter*, 3:8 (1843).

[20] *Franklin Farmer*, 2:380 (1840). See also the Ohio State Board of Agriculture, *Annual Report*, 5:326 (1850).

try, where the feed was abundant, the stock became larger, looser made, coarser, more subject to disease, and harder to fatten; . . ."[21] As the population increased and marketing conditions improved, more attention was given to the quality of the native stock. In 1830, the victuallers of Cincinnati claimed that, as a result of their efforts,—"by dint of honorable competition, exciting emulation among the farmers,"—they had greatly bettered the quality of cattle which were brought to their market during the previous fifteen to twenty years.[22]

From such statistics as the writer has been able to secure, it has seemed impossible to compare the weights of the average cattle in the different sections and periods, due to the different bases of net and live weight used. In both the East and the West, however, the general tendency during the forties and fifties was to shorten the life of beef cattle from the usual five to seven years; this, in many cases, indicated that cattle were able to mature more rapidly.[23]

A number of influences made the process of improving beef cattle rather slow. The most common complaint was that farmers sold their best stock to the butcher, and used their poorest for breeding.[24] These farmers were probably the ones who sent their good cows "to the nearest scrub bull, to save a little labour, and some trifling difference of expence."[25] In districts where feed was sparse, particularly in the South, the better breeds degenerated when given the food that was fed to native cattle,[26] and unless the means of feeding could be bettered, they found it wiser to keep the latter. Occasionally the complaint was made

[21] Census of 1860, *op. cit.*, cxxxiii. See also the *Farmer's Chronicle*, 1:230 (1868); *Monthly Journal of Agriculture*, 1:581 (1846).

[22] *Cincinnati Advertiser and Ohio Phoenix*, May 22, 1830, p. 3.

[23] *Monthly Journal of Agriculture*, 3:163 (1847); *New England Farmer*, 24:148 (1845); Massachusetts Board of Agriculture, *Fourth Report on Agriculture of Massachusetts*, 89.

[24] *New Hampshire Repository*, 60 (Concord, 1822); *Plough Boy*, 1:291 (1819-20); *New England Farmer*, 19:331 (1841).

[25] *Massachusetts Agricultural Repository*, 7:240-241 (1822-23). See also the *Genesee Farmer*, 6:156 (1836).

[26] *American Farmer*, 10:273 (1828); 11:130 (1829); *Southern Agriculturist* (n.s.), 2:521 (1842).

that the small size of the premium received in the local market for better quality of beef, made it unprofitable to give the extra feeding necessary to secure and maintain better breeds.[27]

The Southern and Western farmers also had other problems. In the South it was difficult to acclimatize many of the improved breeds of cattle, and severe losses had to be taken as a result.[28] In the prairies of the Northwest, trouble was experienced with inferior bulls running at large and interfering with efficient control over breeding. The large stock farmers of Illinois tried to secure a law against bulls running at large, but the small farmer said that the law would favor only the rich, and it was defeated.[29] The practice of allowing cattle to run at large also brought in its train the custom of keeping all calves, whether good or bad, as bait to bring the cows home every night for milking.[30]

When the more progressive cattle raisers became interested in improving their stock, they naturally turned to England where better breeds had been developed. Farmers of the United States, particularly in New England, asserted that American farmers should develop their own breeds. A Vermonter of 1825 wrote: "It is very obvious that it is to the peculiar mode of breeding and keeping their neat cattle, (the imported breeds) that we are to attribute their superiority, rather than to any excellence peculiar to their origin. Were the same money which is paid to the speculator for his imported cattle, expended in the nurture, and better keeping, and managing our own native breed, we would probably by that means, make it equal to theirs, with a greater saving of expense."[31] The answer to this argument had already been made by a fellow New Englander the previous year: "But who are our capitalists that will select and take due care of them? Where

[27] *American Farmer*, 11:108 (1829).

[28] *Southern Cultivator*, 3:121 (1845); *Rural Register*, 1:270 (1860).

[29] Theodore C. Pease, "The Frontier State, 1818–1848," *The Centennial History of Illinois*, 2:385 (Chicago, 1922). See also William Oliver, *Eight Months in Illinois*, 102 (Chicago, 1924), and *Northwestern Farmer*, 5:249 (1860).

[30] J. M. Peck, *A Guide for Emigrants*, 166 (Boston, 1831).

[31] Leonard E. Lathrop, *The Farmer's Library*, 148 (2d ed. Windsor, Vt., 1826). See also the *New England Farmer*, 4:81 (1825); *Plough Boy*, 3:32 (1821); *Union Agriculturist*, 1:91 (1841).

is the man who has so cautiously guarded the progeny of a fine cow? and if he did, unless he could raise her bull calves as husbands, how can he hope to keep the race pure."[32]

The first importation of English cattle for the purpose of improving the American stock, of which we have record, was made in 1783 by a Mr. Miller of Virginia and a Mr. Gough of Baltimore. The descendants of these cattle passed principally to farmers in the Shenandoah Valley and along the South Branch of the Potomac, where beef cattle fattening was becoming important.[33]

Matthew Patton, Sr., a farmer on the South Branch of the Potomac, and his sons took some of these cattle to Kentucky just prior to 1790, where they were said to have brought about a great improvement in the character of the cattle of that State.[34]

The Kentucky Blue Grass graziers, with their rich pastures and fertile soils for growing corn, were the leaders in the importation of the "improved" English breeds. The Patton importations probably demonstrated the value of better breeds, while the produce of their fertile Blue Grass soils gave them the capital to invest in the improved breeds, and the rich feed to make them profitable. Hearing of the high prices being received in England for "improved" Shorthorns, Colonel Lewis Sanders of this region imported eight improved Shorthorns and four improved Longhorns about 1817.[35] The rapidity with which this blood was spread is indicated by the fact that in 1822 one farmer of Lexington, Kentucky, had two hundred offspring from two of the imported Shorthorn bulls.[36] The Longhorns proved much less valuable, and they soon disappeared.[37]

Although the West secured Shorthorns in 1817, it allowed fifteen years to elapse before making further additions from the

[32] *New England Farmer*, 3:401 (1825).

[33] Alvin Howard Sanders, *Shorthorn Cattle*, 158 (Chicago, 1918).

[34] Alvin Howard Sanders, *The Story of the Herefords*, 258 ff. (Chicago, 1914); *American Farmer*, 2:313 (1820); *Southern Planter*, 10:20 (1850).

[35] Sanders, *Shorthorn Cattle*, 166.

[36] *American Farmer*, 4:280 (1822). See also Census of 1860, *op. cit.*, cxxxii; Sanders, *op. cit.*, 168–169.

[37] *Ibid.*, 171.

outside. In the meantime, a considerable number were brought into New England and the Middle States during the twenties.[38] The first important Shorthorn herd in the East was established between 1822 and 1831 by Colonel Powell near Philadelphia by the importation of twenty-four cows and seven bulls.[39]

The high beef prices of the middle thirties sent breeders in even greater numbers to England to secure the best of English cattle.[40] In Ohio the first of the cattle importing companies was formed by fifty Ohio graziers in 1834. Their sale of sixty Shorthorns, bought by their representatives, gave them a 400 per cent profit, and led to a wave of speculation in Kentucky and Ohio which resulted in the shipment of a large number of this breed from England.[41] Likewise high beef prices during the fifties caused active buying both from abroad and at home. In this movement the numerous county importing associations of Ohio, Kentucky, and Illinois played an important part, although individual Eastern breeders also secured many Shorthorns from England.[42]

The Shorthorns were not equally well adapted to all sections. Few New England farmers found them to their liking. The universal objection was that they made poor oxen; they were too large, too inactive, too small boned, and their uneven color made it difficult to match them for the yoke.[43] New Englanders felt that their infertile soils would not support such a rich-feeding animal;[44] and they were quite sure that their native stock was better for the dairy and furnished a better quality of beef.[45] The

[38] *Ibid.*, 172–173, 175.

[39] *Ibid.*, 176–177. *The American Farmer*, 10:55 (1828), says that he had imported eleven bulls and seventeen cows to that date.

[40] For the Eastern importations, see Sanders, *op. cit.*, 223.

[41] Census of 1860, *op. cit.*, cxxxiii; Sanders, *op. cit.*, 178 ff. On profit see *ibid.*, 197–200; Charles Sumner Plumb, "Felix Renick, Pioneer," *Ohio Archaeological and Historical Quarterly*, 33:35–36 (January, 1924).

[42] Sanders, *op. cit.*, 228–265.

[43] *New England Farmer*, 4:74, 90, 166 (1825); *American Farmer*, 15:349, 380 (1834).

[44] *American Farmer*, 15:380 (1834); Essex Agricultural Society, *Transactions* (1839), appendix, 27–28; Massachusetts Agricultural Society, *Transactions*, 1851: 509.

[45] *New England Farmer*, 4:74, 91, 166 (1825); *American Farmer*, 15:380 (1834).

Genesee wheat farmers, and the hill farmers of southern New York took the New England point of view.[46] However, the farmers with better pastures appreciated the aptitude of the Shorthorns to take on beef and also the large quantities of milk that they gave.[47]

The Southern pastures were not suited to the rich-feeding Shorthorn, nor was the climate agreeable to their constitutions.[48] Still, some herds were found in the South.[49] The Shorthorn was naturally best suited to the rich soils of the Ohio and northern Mississippi valleys. Farmers just emerging from the frontier stage, unaccustomed to keeping good pastures and supplying sufficient shelter, frequently failed because improved cattle called for improved attention.[50]

The Shorthorn herd books, beginning in 1846, give partial data on the increase of Shorthorn cattle.[51] In the four herd books issued prior to May, 1859, 3,717 bulls, and 6,290 cows were entered.[52] The following analysis of the distribution of the bulls entered has been made by sections and by chronological periods: For the period to 1839 the data are,—New England, 6; Middle States, 50; South, 1; Ohio-Kentucky, 98; Northwest (except Ohio), 1; total, 156. For 1840–51,—New England, 37; Middle States, 179; South, 15; Ohio-Kentucky, 448; Northwest (except Ohio), 38; total, 717. For 1852–May, 1859,—New England, 186; Middle States, 475; South, 89; Ohio-Kentucky, 1,252; Northwest (except Ohio), 503; Pacific Coast, 6; total, 2,472. The totals for 1839–

[46] *American Farmer*, 15:38, 257, 371 (1833–34); *Genesee Farmer*, 1:52 (1831).

[47] New York Board of Agriculture, *Memoirs*, 3:3–6, 448 (1826); *Genesee Farmer*, 1:390 (1831); *New England Farmer*, 16:297–298 (1838).

[48] *Southern Agriculturist* (n.s.), 3:397 (1843); *South Western Farmer*, 1:187 (1843).

[49] *Farmer and Planter*, 2:13 (1852); *Agriculturist*, 4:25 (1843).

[50] On lack of feed, see the *Genesee Farmer*, 9:194 (1839); *Agriculturist*, 3:283–284 (1842); *Ohio Cultivator*, 14:339 (1858). On poor shelter, see the *Southern Planter*, 10:22 (1850); *Union Agriculturist*, 2:26 (1842); Pease, *op. cit.*, 385.

[51] Only the cows and bulls which were used for breeding purposes were entered; it is difficult to say just what proportion of the entire number they were. Lewis F. Allen, editor, *Herd Book, Containing Pedigrees of Shorthorn Cattle* (Buffalo, 1846).

[52] *American Shorthorn Herd Book*, v. 1; v. 2 (1st ed. 1855; 2d ed. 1877); v. 3 (1st ed. 1857; 2d ed. 1884 used); v. 4 (1859).

1859 are: New England, 229; Middle States, 704; South, 105; Ohio-Kentucky, 1,798; Northwest (except Ohio), 503; Pacific Coast, 6; grand total, 3,345.[53]

Analysis of the distribution of these Shorthorn bulls by counties through 1856 shows several interesting facts. Five small counties of the Blue Grass Region of Kentucky possessed 22.7 per cent of the Shorthorn bulls, imported, born, or bought in the United States in the years 1852–1856.[54] Bourbon County, alone, possessed 10.3 per cent of the total. On the other hand, almost all of the Shorthorn bulls in Kentucky were in seventeen small counties centering in the Blue Grass Region.[55] Six counties in south-central Ohio, on or west of the Scioto River, had 16.4 per cent of the total in the United States for the period 1852–1856,[56] and most of the rest of the Shorthorn bulls in Ohio were in the southwestern part of the State between the Scioto and Great Miami rivers. However, several of the counties in the Western Reserve dairy district had a considerable number. The scattered holdings west of Ohio and Kentucky were all in the glaciated sections, with such concentration as existed being in central Indiana and west-central Illinois.

Outside of the Northwest, Shorthorns were mainly in dairy districts, as in the communities bordering the Erie Canal in central New York, the counties just east of the Hudson River, the Connecticut Valley and the areas adjacent to the larger cities such as Boston, New York, and Philadelphia.

[53] The total in this analysis is not quite so great as the one in the first total, as those in Canada and those whose location was uncertain were omitted. In order to show the distribution more adequately the location of the last owner of the record was used. The date taken was that of importation, the date of birth if in the United States and unsold, or the date of sale. If the latter was not given, it was estimated as two years after the date of birth. Between 10 and 20 per cent of the dates of birth were not given, and these were estimated. The *Sixth Herd Book* was also used to locate those born before May, 1859. See v. 6 (1st ed. 1863; 2d ed. 1882).

[54] Bourbon, Fayette, Mercer, Scott, and Clark, in the order of then umber held.

[55] Bourbon, Boyle, Casey, Clark, Fayette, Franklin, Garrard, Harrison, Jassamine, Lincoln, Mercer, Nicholas, Montgomery, Scott, Shelby, Washington, Woodford.

[56] Clark, Clinton, Madison, Pickaway, Ross, Warren.

Although the total number of bulls entered in the herd books to May, 1859, was less than 0.4 per cent of the 8,035,695 non-dairy cattle in the eastern and northwestern States in 1860, they were more important than might seem at first glance. While a pure-blooded Shorthorn was much better than a half-grade or a fourth-grade, a small infusion of Shorthorn blood would greatly improve the quality of the native cattle. As one Ohio writer said in 1849: ". . . every day's experience but confirms the opinion of the intelligent breeder and feeder, that an admixture of the pure blood of these fine stock, to the extent of one-half, or even one-fourth, with the common stock, greatly enhances their value; for it is confidently asserted that at the same age, with the same care and attention and feed, they are worth for stock or feed cattle from twenty to fifty per cent more than the common cattle of the country, and at the same time command a readier market."[57] Secondly, a pure-blooded bull could serve a large number of native cows in a season. There are records of certain well-known Devon and Shorthorn bulls serving from seventy to three hundred cows in a year,[58] though it was generally considered better for a bull not to serve more than fifty cows.[59]

If the bulls listed in the herd books were instrumental in producing thirty calves yearly for half of the years in which they were listed, the following would be the result: for 1820–29,—23 bulls and 3,450 calves; for 1830–39,—133 bulls and 19,950 calves; 1840–51,—717 bulls and 129,060 calves; 1852–59,—2,472 bulls and 296,640 calves. If the 129,060 half-grade Shorthorns born between 1840 and 1851 were one half males, we could reasonably estimate that one-fifth of the males, or 12,906 bulls, were used for breeding purposes. If they produced fifteen calves for each of the eight years during which they were available for breeding purposes they would have produced 774,360 one-fourth grade Shorthorn cattle.[60] Thus while the increase in the number of pure-blooded Shorthorns was rather slow, being limited by the

[57] Ohio State Board of Agriculture, *Annual Report*, 4:10 (1849).

[58] *New England Farmer*, 4:397 (1826); *Southern Planter*, 14:338–339 (1854).

[59] *Franklin Farmer*, 1:306 (1838); *Cultivator*, 5:24 (1838).

[60] Only eight years available if not used until three years old. See the *Cultivator*, 5:24 (1838).

number of pure-blooded cows, the process of giving a strong infusion of Shorthorn blood to the native cattle could be done more rapidly. For this reason, we can read without skepticism the numerous reports from Ohio and Indiana counties in the late forties and fifties of the great improvement that was being made in their cattle due to the infusion of Shorthorn blood.[61]

The only other "improved" beef breeds imported prior to 1860 were Devons and Herefords, and neither came in large numbers. The first large, improved Devon importation occurred in 1817 and consisted of six two-year old heifers and a bull, a gift from Coke of England to Robert Patterson of Baltimore.[62] Perhaps a half-dozen small importations were made before 1860, but no enthusiasm for this breed developed.[63] New England farmers, who had the unimproved Devon, admired, and would, no doubt, have imported more of the improved type, if their beef cattle industry had not been on the decline. They found that the Devons were well suited to the plough, and that they gave a good quality of beef, did well on poor lands, and their milk yields had a high butter fat content.[64] Farmers in such widely separated areas as Michigan and the South, unable to support the rich-feeding Shorthorn, likewise looked approvingly at the Devon.[65] In most places their small size and their small yield of milk brought disapproval.[66]

Although there were some Hereford importations, particularly after 1840, they were even less popular than the Devons.[67] The Herefords had a good quality of meat and matured quickly;[68] but

[61] Ohio State Board of Agriculture, *Annual Report*, 2:74 (1847); 4:10, 99, 158 (1849); 6:223, 476 (1851); 8:581, 594, 598, 604, 615, 643, 657, 670 (1853); Indiana State Board of Agriculture, *Report*, 6:563, 565, 567, 578 (1857).

[62] Plumb, *Types and Breeds of Farm Animals*, 321.

[63] *Loc. cit.; New England Farmer*, 24:118; *Genesee Farmer*, 7:232 (1846).

[64] *Genesee Farmer*, 1:52 (1831); *American Farmer*, 15:257 (1833); *New England Farmer*, 4:91 (1825); 16:298 (1838).

[65] *Southern Planter*, 13:14–15 (1853); *American Farmer* (n.s.), 2:220 (1840); Michigan Agricultural Society, *Transactions*, 3:132–136 (1852).

[66] See references in footnote 65.

[67] For importations, see Plumb, *op. cit.*, 205; Sanders, *The Story of the Herefords*, 279–299 (Chicago, 1914).

[68] Charles W. Burkett, *Farm Stock*, 120 (New York, 1909); *New England Farmer*, 20:290 (1842); 23:352 (1845).

they were poor milkers,[69] and it was doubtful whether on good pastures, and with plenty of corn, the steers could do as well as Shorthorns.[70]

The development in dairy breeds, even more than beef cattle, was dependent on the improvement of the native dairy cattle in this period. The Shorthorn was the only breed imported in large numbers which had improved dairy qualities; and these were by no means as outstanding as their beef qualities. The greatest improvement in dairy cattle had been in New England and the Middle States, as indicated by the 1860 census report on the production of butter and cheese per cow. The following data give an idea of the relative qualities of the dairy cattle of the different sections: New England, 75 pounds of butter, 32 of cheese; Middle States, 87 pounds of butter, 25 of cheese; South, 22 pounds of butter, 5/16 of cheese; West, 58 pounds of butter, 10 of cheese; Pacific Coast, 15 pounds of butter, 5 of cheese. Probably these data are not quite fair to the beef cattle regions of the West where cows were kept mainly for breeding purposes.[71]

Most of the influences working against the improvement of beef cattle also applied to dairy breeds. An additional factor applying solely to dairy cattle was the practice in most of the important dairy districts of importing cows from other areas rather than raising them.[72] As long as this was done, farmers could not expect to build up good herds.[73] There was, in fact, much ignorance among farmers as to the qualities to be sought in a good dairy cow. A writer of an agricultural treatise in 1818 gravely stated: "The size of Cows is not so material: as it is found that all cattle eat nearly in proportion to their respective sizes. What would be necessary to feed one of the large Lancashire breed of Cows,

[69] *Ibid.*, 19:186 (1840); *Wisconsin Farmer*, 9:285–286 (1857).

[70] Plumb, *op. cit.*, 194; Burkett, *op. cit.*, 116–117.

[71] Census of 1860, *op. cit.*, cxix.

[72] Massachusetts Board of Agriculture, *Annual Report*, 1857:250; 1859:200; New York State Agricultural Society, *Transactions*, 1841:137; Patent Office *Report*, 1848:449; 1849:127; Michigan Agricultural Society, *Transactions*, 6:215–216 (1854).

[73] Massachusetts Agricultural Society, *Transactions*, 1849:181; Massachusetts Board of Agriculture, *Report*, 1859:200.

would be nearly sufficient for two of the alderney breed. . .while the milk of the two would probably nearly double that of the former."[74]

Even when farmers had a better knowledge of these qualities, it was a question as to whether it were better to develop their native cattle, or turn to Shorthorns. Though many believed that it was possible to develop a breed having both beef and dairy qualities, others were becoming somewhat skeptical.[75] The average farmer in the various dairy districts of New England, central New York, southeastern Pennsylvania, and the Western Reserve of Ohio held that, as between Shorthorns and natives, the latter were best for dairy purposes.[76]

In Massachusetts an enterprising dairyman crossed the Shorthorn on native stock to develop what was called the Cream Pot breed. For a time this breed had an excellent reputation for dairy purposes.[77] One Massachusetts writer pointed out, however, that although many native cows gave very high yields, evidence was almost totally lacking to show that they gave birth to calves who in their turn yielded record amounts.[78] In other words, native cattle lacked the most important attribute of all improved breeds, the transmission with fair certainty of their own improved characteristics to their progeny. Given time and money, the characteristics of improved breeds might be developed in American dairy stock, but the question was asked: what use would there be in doing it when "we may find the work already done to our own hands?"[79]

Very few of the present important dairy breeds, the Holstein,

[74] John Nicholson, *The Farmer's Assistant*, 240 (2d ed. Philadelphia, 1820).

[75] Anti: *American Farmer*, 13:137–138 (1831); New York Board of Agriculture, *Memoirs*, 1821:279; Pennsylvania Agricultural Society, *Memoirs*, 1824: 46, 48; *Genesee Farmer* (n.s.), 10:142 (1849). Pro: Pennsylvania Agricultural Society, *Memoirs*, 1824: 24–25; *Southern Planter*, 20:158 (1860).

[76] New England,—*New England Farmer*, 3:306 (1825); New York,—*Country Gentleman*, 9:60 (1857); Pennsylvania,—Patent Office *Report*, 1848:449; Ohio,—Ohio State Board of Agriculture, *Annual Report*, 3:32 (1848); 4:41 (1849); 8:515, 520, 529, 553, 562, 573, 584 (1853).

[77] *Second Report on the Agriculture of Massachusetts*, 1838:66, 68.

[78] *New England Farmer*, 24:280 (1846).

[79] *Loc. cit.*

Jersey, Guernsey, and Ayrshire, were imported prior to 1860, though there were scattered importations of all of them throughout the period.[80] The Holsteins were disliked because of the low butter fat content of their milk, as butter and cheese were then the chief product of the farmer.[81] Although the Jerseys and Guernseys were noted for the butter fat content of their milk, they were too small for the Eastern farmer of this period who wanted a combined beef and dairy breed.[82] Ayrshires more adequately filled the need of a breed with a good yield of milk and butter; they were of fair size and were able to subsist on short herbage.[83] During the thirties and forties a number of them were imported in the East, and even in the South.[84]

The stage of improvement in cattle breeds reached by 1860 may be summarized as follows: Practically all farmers of the East and Northwest had become convinced of the necessity of improving their beef and dairy breeds; and most of the beef cattle raisers believed that the imported "improved" breeds were the best for this purpose. If their feed supply were adequate, they waited until their capital and financial returns were sufficient to justify the investment. Dairymen were not so certain of the superiority of imported dairy breeds. Some were prejudiced, and others desired an all-purpose breed which excelled in beef, quantity of milk, and amount of butter fat. It was not until after the Civil War that they began to appreciate Holsteins, Jerseys, Guernseys, and Ayrshires with their more specialized characteristics. In the North and West, native beef cattle breeds were greatly improved over the colonial or frontier type. In the East, the same

[80] For imports of Holsteins, see the *American Farmer*, 4:122 (1822); *Holstein Herd-Book*, 1:17–18 (Davenport, Iowa, 1885). For Jerseys, see Plumb, *op. cit.*, 277; John S. Linsley, *Jersey Cattle in America*, 485–488 (New York, 1885). For Guernseys, see Charles L. Hill, *The Guernsey Breed*, 104–105 (Waterloo, Iowa, 1917).

[81] *New England Farmer*, 16:298 (1838).

[82] *American Farmer*, 2:79 (1820); 12:171 (1830); *Wisconsin Farmer*, 9:196 (1857).

[83] *New England Farmer*, 20:225 (1842); Burkett, *op. cit.*, 133–137.

[84] Plumb, *op. cit.*, 289; *Fourth Annual Report of the Agriculture of Massachusetts*, 259–261; *New England Farmer*, 24:178 (1845); *Genesee Farmer*, 7:232 (1846); *America Farmer*, 13:405 (1832); *Farmer and Gardener*, 4:185 (1837); *Agriculturist*, 1:79 (1840).

was true of the native dairy breeds. The Shorthorns were the only beef or dairy cattle breed to be imported in sufficient numbers to have any large influence on improving cattle breeds, and much of this influence was concentrated in Ohio and Kentucky. Experiments, however, had been made with practically all of the important beef and dairy breeds, so that the conditions to which they were best fitted in the United States were well known.

FUTURES TRADING WITH PARTICULAR REFERENCE TO AGRICULTURAL COMMODITIES[1]

ARTHUR G. PETERSON

Futures trading in commercial transactions was probably first carried on in connection with securities.[2] Holland had a well-organized exchange system as early as the seventeenth century. A Dutch law enacted in 1610 forbade the sale of securities which were not in the possession of the seller at the time. An English law passed in 1697 limited to three days the time for making delivery of a sale. Several English and Prussian laws in the early nineteenth century prohibited short sales of certain kinds.[3]

The Paris exchange, with its officially recognized brokers and also its unofficial ones, was organized in 1724 by royal ordinance on much the same lines as it exists today.[4]

A New York act, passed in 1812, declared all contracts for the sale of securities void unless the seller at the time of the sale was the actual owner or authorized sales agent for the owner. This statute was repealed in 1858 when it was provided that no contract should be void because the property sold was not at the time in the possession of the seller. This, according to Dr. Henry C. Emery, admitted the legality of short selling. In Pennsylvania an act passed in 1841 made short selling for delivery after five days a misdemeanor; this law was repealed in 1862. An Ohio

[1] This paper was prepared in February, 1932.

[2] The principle of futures trading is involved in any form of saving or borrowing in an effort to apportion *time utilities;* as the squirrel in storing nuts for a cold day or man in mortgaging his future earnings, or saving the fruits of his labors for a rainy day. The marginal utilities or disutilities of all our activities are constantly being apportioned, not only between the alternatives existing at a particular time, but also over periods of time.

[3] James E. Boyle, "Short Selling Guards Your Market," *Nation's Business,* 20 (1): 38, 40, 42 (January, 1932).

[4] John Harold Clapham, *The Economic Development of France and Germany, 1815–1914,* p. 371–375, 398–401 (Cambridge, Univ. Press, 1921).

law in 1882, and a similar law in Illinois attempted to apply restrictions only to contracts in which the intent was not to deliver the commodity sold but to settle by differences. The Constitution of California, adopted soon after a period of wild speculation in securities, contained a section declaring void security sales on margin or to be delivered at a future date. Mississippi in 1882, and Arkansas in 1883, passed laws placing the dealing in futures in a category with gambling and made such trading a misdemeanor. Texas passed a similar law in 1885.

The trend of legislation and of judicial interpretation in the various States indicates that the older commercial States passed laws designed to limit trading in options, futures, and short selling, but found such laws ineffective and undesirable and in most cases repealed them by, or soon after, the Civil War. The agricultural and newer States of the West and South passed more stringent acts, directed especially against short selling, but failed to make sufficient distinction between speculation as risk-taking and pure gambling.[5]

During the Civil War period of currency deflation, considerable speculation in gold developed, and Congressional action was taken to check this activity. A law of 1863 placed a tax of one-half of one per cent on all sales of gold for delivery after three days from the time of sale, and provided that loans of currency against gold coin in excess of the amount of gold should be void. The "Act to Prohibit Certain Sales of Gold and Foreign Exchange" was enacted in June, 1864. It forbade all contracts for exchange of gold coin or bullion for future delivery, also all contracts for the sale of gold which was not actually in the possession of the seller at the time of contract. The expectation of Salmon P. Chase, the Secretary of the Treasury, and of Congress, that this Act would abolish the trading on gold was not fulfilled, and two weeks after its enactment the statute was repealed.[6] A bill "to

[5] Carl Parker, "Governmental Regulation of Speculation," American Academy of Political and Social Science, *Annals*, 38:126–154 (September, 1911).

[6] Henry Crosby Emery, *Speculation on the Stock and Produce Exchanges of the United States* (New York, 1896). See also the same author's "Should Speculation be Regulated by Law? Lessons from German Experience," in U. S. Congress, Senate, Committee on Banking and Currency, *Regulation of the Stock Exchange;*

prohibit mailing of letters and money orders relating to future contracts" was introduced into Congress in 1883.[7]

Futures trading in commodities (products of the soil) did not begin until some time after trading was conducted on the basis of samples and as fairly uniform and standardized grades were adopted. Coffee was bought and sold on sample as early as 1797, and cotton since about 1805. Sample dealing may be called a tribute both to the uniformity of products of the machine age and an approach to the type of dealings in the modern exchanges which succeeded the great trading fairs such as those at Frankfurt and Leipzig. These annual markets and fairs gave way to permanent exchange associations toward the middle of the nineteenth century as the people in Western countries began to adopt the practice of trading throughout the year.[8]

The increased competition and acceleration of business activity with the aid of cheaper and faster means of transportation called for more centralized and more effective supervision and control of business operations. With this came increasing pressure of contracts for future delivery and a spread of the factory stage of industrial society at the expense of the *household, handicraft,* and *domestic* stage of industrial organization.

Over a century ago, the *New York American* carried the following comment on speculation: "Who is there that now reflects on the extravagant speculation in wheat and flour, that does not dread the consequences that again await our unthinking citizens

---

Hearings. . . to Prevent the Use of the Mails and of the Telegraph and Telephone in Furtherance of Fraudulent and Harmful Transactions of Stock Exchanges, 830–838 (Washington, Govt. Print. Off., 1914. 943 p.) and his testimony before the Senate Committee, *ibid.*, 324–344. Also Henry C. Emery, "Speculation on the Stock Exchanges and Public Regulation of the Exchanges," *American Economic Review* (Supplement), 5:69–85 (March, 1915), and the discussion of this paper, *ibid.*, 86–111, and his "The Economic Bearing of Future Trading in Agricultural Commodities," *Proceedings* of the Second Pan American Scientific Congress, Washington, D. C., U. S. A., Dec. 27, 1915 to Jan. 8, 1916, 3 (3):21–25 (Washington, Govt. Print. Off., 1917).

[7] George Wright Hoffman, *Future Trading Upon Organized Commodity Markets in the United States,* 6 (Philadelphia, Univ. Penn. Press; London, H. Milford, Oxford Univ. Press, 1932).

[8] Clapham, *op. cit.*

for engaging in this new mania? The lesson on cotton it seems is already forgotten."[9] The last sentence refers to the great speculation in cotton, especially in England, following the increased note issue resulting from the English Bank Act of 1822, and the subsequent Panic of 1825. The speculation here referred to, however, was in the nature of inflated values and excessive buying, with a subsequent sharp drop in inventory values, and not a deluge of short selling which was a considerably later development.

Some grain futures were sold in Berlin as early as 1832, and also several years earlier in France and Holland.[10] It is difficult to say when dealings in futures began in the United States. Futures trading had been carried on by members of the Chicago Board of Trade during the late fifties and especially during the Civil War, but not until October, 1865, when rules were adopted defining the rights of parties under contract for future delivery, did the board have adequate machinery for the adjustment of disputes relating to such futures contracts.[11]

The following quotation gives an indication of the intermittent state of some of the grain markets in the days when market news travelled slowly and before trading in futures had become a factor in providing a continuous market. "The news by the steamer Cambria, received on Thursday, caused a panic in this market, since which we have not heard of a single transaction. Several wagon loads of flour and grain, received on Thursday and yesterday, were taken in store, in consequence of the very unsettled state of the market. Our quotations are omitted for the present."[12]

In the evidence taken by the Congressional Committee on Agriculture in February, 1892, it was stated that futures trading began with Government contracts for pork during the Civil War. It is also claimed that the Union Government contracts for oats

[9] As quoted in the *Alexandria Phoenix Gazette*, Nov. 22, 1828.

[10] H. C. Emery, *Speculation on the Stock and Produce Exchanges of the United States* (New York, 1896).

[11] Charles Henry Taylor, editor, *History of the Board of Trade of the City of Chicago*, 1:331–332 (Chicago, Robert O. Law Co., 1917).

[12] *Fredericksburg Virginia Herald*, Saturday, June 18, 1847.

for army horses during the early days of the Civil War initiated futures trading in commodities in the United States. However, futures trading apparently occurred in Milwaukee as early as 1855 and about the same time in St. Louis and Toledo and several years later in New York City, but it did not become of great importance in New York until the late seventies.[13] The first futures trading of importance in New York was in cotton futures, beginning soon after the Civil War.

Futures trading in grain as carried on at present is the result of an evolutionary process, so to speak; the progeny of such practices as trading on a basis of "to arrive," "in transit," and the borrowing and selling of warehouse receipts in the late forties and early fifties. Flour and grain were bought on a "to arrive" basis by the merchants of Alexandria, Virginia, as early as 1845, the produce arriving via the then recently opened Alexandria-Georgetown Canal, now long-since extinct. The practice of trading on the basis of "to arrive" contracts was in general use on the Chicago Market by 1850.[14]

The early dealings in grain futures in the United States were carried on in car-lot units. At first the time within which future delivery was to be made was a few days; then it was extended to "next week," "the remainder of the month," "next month," and the period was gradually increased to upwards of a year. In 1860 the Chicago Board of Trade adopted somewhat general grain grades to facilitate trading,[15] and the Government grading, begun by the State of Illinois in 1871, greatly aided futures trading.[16]

Futures trading has greatly increased in the last fifty years. A futures market in coffee was established at Le Havre and at New York in 1882 and soon afterward in other cities. Practically every year commodities were added to the list dealt with on futures markets. During the last few years there has been a widespread realization of the commercial importance of futures

[13] Emery, *op. cit.*

[14] Hoffman, *op. cit.*, 33.

[15] Chicago Board of Trade, *Annual Report of the Trade and Commerce of Chicago* (1860) 3:13 (Chicago, 1861).

[16] United States Federal Trade Commission, *Report of the Federal Trade Commission on the Grain Trade*, "Effects of Future Trading," 7:242-309 (Washington, Govt. Print. Off., 1926).

trading. On March 1, 1930, futures trading in hogs was begun at Chicago, but was discontinued in April, 1932. A futures market was established for potatoes in January, 1931; for blackstrap molasses in February, 1931; for wool tops, in May, 1931; and for silver, in June, 1931. Futures trading is now carried on in over thirty commodities and on about as many commodity exchanges. Futures trading in commodities other than grains, provisions, field seeds, cotton, coffee, flaxseed, and sugar is chiefly a development of the years since the World War.[17]

The total volume of futures trading in 1929 reached the enormous total of about forty-two billion dollars in commodity markets and about one hundred and twenty-five billion dollars in security markets. Grains constitute about two thirds of the futures trading in commodities while grain and cotton together account for about 92 per cent. About three fourths of the trading in commodity futures is conducted by the Chicago Board of Trade and the New York Cotton Exchange.[18]

A severe attack was made on stock and commodity exchange operation in the nineties, especially in Germany and the United States. The depression of that decade, and the low prices of agricultural products resulted in concerted attacks by agrarian interests on futures trading which was especially directed against short-selling. In 1890 the Butterworth Anti-option Bill, the first on the subject, was introduced in Congress, but it never came to a vote. The term "option" was used in the general sense of speculation and futures trading rather than in the technical market sense. The Hatch Bill (a composite of several bills), designed to suppress short-selling, passed both branches of Congress in 1892, but failed to become a law. Practically the same bill was passed by the House in 1894, but was not voted on in the Senate.[19]

With the improvement in business conditions and the upturn in prices of farm products, attacks on futures trading ceased for about a decade. The agitation began again in 1903, when numerous bills were introduced against speculation, short-selling, and

[17] Hoffman, *op. cit.*, 54–55.

[18] *Ibid.*, 8–9.

[19] Julius B. Baer and George P. Woodruff, *Commodity Exchanges* (New York and London, Harper & Bros., 1929); Parker, *op. cit.*

other phases of exchange operation. One extreme bill aimed to prevent monetary gains or losses from fluctuations in the value of products of the soil. After the Panic of 1907, twenty bills against "futures," "margin accounts," and "options" were introduced during the Sixtieth Congress. Thirteen bills were introduced in the Sixty-first Congress by Southern and Western Congressmen.[20] Eight similar bills were introduced during the first session of the Sixty-second Congress. One writer, in summarizing the situation in 1911, said, "It is probable that the question will continue to come up for some time, until the western and southern States, from which the protests chiefly come, reach a higher level of commercial experience and economic education."[21]

The Democratic platform of 1912 contained the following statement: " . . . we favor the enactment by Congress of legislation that will suppress the pernicious practice of gambling in agricultural products by organized exchanges or others."

According to Miss C. L. Phillips, 164 bills relating to the regulation and prohibition of futures trading, had been considered by Congress before 1920.[22] This number has been considerably augmented during the two major business depressions since 1920.

Recent complaints and investigations have been the result of accusations that speculation on the exchanges has resulted in reducing prices to producers; that it has enhanced prices to consumers; and that speculation tends to intensify the business cycle by encouraging security inflation on the one hand, and prolonging depressions and hindering business recovery on the other. The most enlightening investigations on the subject of futures trading have been: the German Commission inquiry of 1892; the report of the United States Commissioner of Corporations for 1908–1909; the report of Governor Hughes' Committee on Speculation in Securities and Commodities;[23] the report of the Federal Trade Commission on the Grain Trade on the "Effects of Future Trad-

[20] Parker, *op. cit.*

[21] *Ibid.*

[22] Hoffman, *op. cit.*

[23] New York State Committee on Speculation in Securities and Commodities, *Report of Governor Hughes' Committee on Speculation in Securities and Commodities, June 7, 1909* ([n.p., 1909] 23 p.).

ing;" the reports by members of the grain futures exchanges;[24] and the Canadian inquiry relating to trading in grain futures, under the leadership of Sir Josiah Stamp in 1931.

Several large bank failures in Germany in 1891 and generally low prices for farm products led to vigorous agitation by the public and in the Reichstag for legislation to curb speculation on the exchanges. As a result, the Commission of Inquiry into Exchanges under the direction of Dr. Koch was appointed in 1892 to investigate the whole question of futures trading. The commission was a new departure in German Parliamentary methods, being the first attempt to follow the English practice of commissions of inquiry. Because of a strong agrarian influence opposed to speculation in commodities, the bill presented to the Reichstag was more severe than the recommendations of the commission and the amendments adopted by the Reichstag were even more extreme. The law as passed was, therefore, in some respects, directly opposed to the recommendations of the commission.[25]

The German experience in the nineties has been cited by those opposed to governmental interference with futures trading as an experiment which proved the case against Government regulation. It has often been stated or implied that Germany tried Government regulation of stock exchange speculation but found it ineffective and undesirable and later repealed the restrictive measures. Germany, however, had exercised supervision of stock exchanges before the application of the New German Exchange Act of January 1, 1897[26] and has continued a detailed regulation,

[24] U. S. Department of Agriculture, *Reports by Members of Grain Futures Exchanges, Letter from the Secretary of Agriculture Transmitting in Response to Senate Resolution No. 40, part 1, of a Report Concerning the Effect upon Producers of Grain of the Suspension during the Period from February 26, 1927, to October 31, 1927, of the Requirement for the Making of Reports by Members of Grain Futures Exchanges,* Part 1 (Seventieth Congress, Second Session, Senate, Document No. 264), 1–13 (Washington, U. S. Govt. Print. Off., 1929. 68 p.), and Part 2 (Seventy-first Congress, Second Session, Senate, Document No. 123), 1–2 (Washington, U. S. Govt. Print. Off., 1930. 347 p.)

[25] W. Lexis, "The New German Exchange Act," *Economic Journal*, 7:368–384 (September, 1897).

[26] U. S. Congress, House, Committee on Agriculture, *Future Trading; Hearings*

although certain modifications were made between 1900 and 1908.[27] Nor was futures trading in grains prohibited or made illegal by the German Act of 1896, as has often been stated. "Futures transactions *according to exchange procedure* in grain and mill products" were prohibited. However, the Berlin Produce Exchange refused to accept certain agriculturists on the exchange committee as specified in the Act, and as a result, futures trading in grains in the Berlin market virtually ceased until the law was amended in this respect in 1900. The French Parliament attempted in 1898 to enact a law similar to the German Act of 1896.

After an examination of the German situation, Hooker concluded that "The conditions existing at Berlin during the suspension of the produce exchange, while causing the greatest hindrance to the trade, have not induced a rise in the prices of grain, and they have not brought greater stability to those prices, if indeed they have not exercised a deleterious effect in both these directions."[28] Apparently some of the extreme measures adopted by the politicians in 1896, against the advice of economists, had a detrimental effect on trade, and they were later modified.

The report of the United States Commissioner of Corporations in 1909 concluded that the futures system when properly conducted is of permanent benefit to the cotton industry, and is productive of higher prices to producers and lower prices to consumers, or both. The report also recommended that the New York Cotton Exchange adopt "commercial differences" between deliverable grades, in place of the arbitrary "fixed differentials" then in use and which were a source of manipulation. It was the failure of the New York Cotton Exchange to correct this situa-

. . . (Sixty-sixth Congress, Third Session, Washington, Govt. Print. Office, 1921. 1070 p.).

[27] Samuel Untermyer, "Speculation on the Stock Exchanges and Public Regulation of the Exchanges," *American Economic Review* (Supplement), 5:24–68 (March, 1915).

[28] Reginald H. Hooker, "The Suspension of the Berlin Produce Exchange and Its Effect upon Corn Prices," Royal Statistical Society, *Journal* (London), 64: 576–604 (1901). See also Henry C. Emery, "Ten Years Regulation of the Stock Exchange in Germany," *Yale Review*, 17:341–354 (May, 1908), reprinted in Senate, Document 3895, *op. cit.*, 822–830.

tion, which led to the enactment of the Cotton Futures Act of 1915, imposing Federal regulation upon futures trading in cotton.

The Report of the Hughes Committee in 1909 defended futures trading and short-selling as legitimate and necessary accompaniments of modern, scientific business. The Committee also advised the Stock Exchange to correct certain abuses, or State regulation would perhaps be the result.[29]

Vigorous agitation for Government regulation of futures trading in grain followed the rapid post-war decline in grain prices in 1920–21. The Futures Trading Act of August, 1921, based on the taxing clause of the Constitution, was declared unconstitutional by the United States Supreme Court in May, 1922. A new bill of similar content, known as the Grain Futures Act and based on the Commerce Clause of the Constitution was then passed, in December, 1922, and its constitutionality was upheld by the United States Supreme Court in April, 1923.

The conclusion of the exhaustive Federal Trade Commission investigation was that under existing conditions no evidence was found that speculation in grain futures had either a stabilizing or unstabilizing influence on prices, and that futures trading does not tend either to increase or decrease the average price. In regard to short selling, the Commission stated: "It would be feasible to prohibit short selling. But the practice of short selling is an established feature of speculative markets, which is necessary to prevent speculation becoming one-sided and specifically important as a weapon against upward manipulation and corners. No evidence that it has any long-run depressive influence upon prices has been found. The Commission believes that its suppression is not called for, though its regulation may be desirable."[30]

Certain regulations of the Secretary of Agriculture and the Grain Futures Administration were suspended from February 26 to October 1, 1927. The suspended ruling required that clearing members of contract markets make special reports to the Grain Futures Administration of all individual net accounts over

[29] *Report by Governor Hughes' Committee on Speculation in Securities and Commodities, State of New York, June 7, 1909.*

[30] *Report of the Federal Trade Commission on the Grain Trade, op. cit.*, 7:xxiii, 282.

a certain number of bushels of grain in specified grains in any single future. It was argued that traders were not freely entering the market because they did not want their names and transactions to be known to the Government, and that this restricted trading with a consequent lack of speculative support. The investigation revealed that the criticisms and arguments were not well founded and were in the nature of propaganda. The regulation was again placed in operation on October 1, 1927 and has since been continued.[31]

In December, 1930, a great cry arose in regard to short selling of wheat by Russia on the Chicago Exchange. Many believed that this was an effort on the part of the Soviets to depress prices in the United States. A committee of the House of Representatives made an investigation and concluded: "According to the testimony of an official of the Chicago Board of Trade, these transactions in wheat by the All Russian Textile Syndicate, constituted legitimate hedging. Based on the testimony presented, the Committee is of the opinion that these transactions were made with no intent by the Soviet Government to depress the price of wheat."[32]

The Royal Commission, headed by Sir Josiah Stamp, in its report of 1931 on trading in grain futures, recommended the retention of futures trading as the best method of adding security to the producer's position, and stated that prices to producers very probably average higher as a result of futures trading. The Commission, however, believed that public confidence in grain trading would be increased and the suspicion of producers decreased if a degree of Government supervision were employed.

In Argentina, a committee was appointed on January 8, 1932, to investigate futures trading and the practice of selling grain on a "price to be fixed basis." On January 26, 1932, in accordance with a preliminary report of the Committee, the Government, under the direction of the Minister of Agriculture, assumed super-

[31] *Reports by Members of the Grain Futures Exchanges, op. cit.*

[32] Canada, Commission on Trading in Grain Futures, *Evidence and Proceedings before the Commission to Inquire into Trading in Grain Futures, April, 1931* . . . (Winnipeg, Canada, Grain Trade News [1931]).

vision of futures trading on the Buenos Aires and Rosario grain markets.

To summarize, legislation pertaining to futures trading has been of two types. One has aimed at supervision and regulation, with a view to correcting certain abuses and to make futures markets an institution of greater public service. The other type of legislation has aimed to cripple or to destroy the so-called "speculation and gambling."

Most writers on the subject of Government regulation are either against any Government regulation of futures trading, or advocate rigid Government supervision or control. At a meeting of the American Economic Association in 1914, Mr. Samuel Untermyer aptly expressed the background of the situation when he said: "There had been so much of honest misunderstanding, senseless hysteria, and ignorant, demagogic denunciation of the Stock Exchanges on the one hand, and on the other such a long, unbroken record of intemperate and misleading propaganda by the interested champions of the Exchange to justify the abuses of the system and its irresponsible form of organization, and such persistent misrepresentation of its critics, that it is a positive relief to find oneself in an atmosphere where the subject will receive the judicial treatment that its commanding public importance demands."[33]

In the battle with the stock exchanges, judicial interpretation was slow to distinguish between speculation and gambling, and to recognize speculation as the assumption of a necessary risk, and to relieve it from the legal restrictions on gambling. In the course of time, futures trading (including short selling) has come to be recognized legally as a useful and desirable, if not indispensable, adjunct of our modern exchange mechanism.

After dealing in futures was generally legalized, some time elapsed before futures trading was sanctioned unless the seller was, at the time of sale, in actual possession of the goods. Buying and selling without the intent of actual transfer of goods, but by mere settlement of differences, has been sanctioned in most Euro-

[33] Untermyer, *op. cit.*

pean countries and America.[34] However, exchanges and Governments have placed restrictions on dealings in futures which in some cases were believed to be detrimental to the public interest; for example, bucket-shop operations which are considered pure gambling have been banned. In addition to Government regulation, a great many improvements in self-regulation have been made during the 75 to 80 years in which our modern commodity and stock exchanges have been in operation.

In Europe the exchanges, from their inception, have usually been subject to some degree of Government supervision or control. England, on the other hand, permitted the establishment and operation of exchanges without Government regulation or control. In the United States the Government has exercised only limited control over some of the exchanges, with a tendency to increase rather than to decrease the extent of such control. Additional public regulation is advocated by many as a means of reducing the detrimental effects of excessive speculation, and of furnishing wide publicity for accurate and adequate information on stock and commodity exchange operation.

[34] In February, 1933, the Mississippi Supreme Court declared void a section of the State law authorizing recovery on account of losses in futures trading where it was not intended to make actual delivery of the commodity, but merely to settle by the payment of differences. See the *Commercial & Financial Chronicle*, 136:1301–1302 (Feb. 25, 1933).

AGRARIAN REFORM BEFORE POST-WAR EUROPEAN CONSTITUENT ASSEMBLIES[1]

V. ALTON MOODY

When the recent war clouds were clearing there appeared in Europe an insistent and widespread demand for a readjustment in land holding. A rural class consciousness came to be greatly emphasized. It was especially noticeable in agricultural countries of central and eastern Europe which willingly sent their laborers and tenants to fight and die but succumbed to post-war demands of demobilized men for the abolition of great estates and the creation of freeholds,—the old story of distributing property, especially land, to surviving participants in war. Official readjustments resulting from such demands came to be known by the general term agrarian reform,—usually in the sense of getting land into the hands of occupying laborers, small farmers, or others whose economic and social position might be improved thereby. The term is applied also to government aid to credit, banking and cooperative activities designed to aid new landowners, and occasionally includes aid for more independent renting. A concurrent activity, not infrequently included under the heading, agrarian reform, is restripping or pooling of scattered strips and redividing the total into more compact areas.

The reform movement extended westward to include certain reforms in Germany, albeit largely paper ones, and recent achievements in Spain. Russian nationalization and illegal occupation was not agrarian reform in the usual sense of official redistribution and might properly be the subject of a separate study. Neither would the vast change in land ownership wrought by post-war economic forces in England be included in the sense in which agrarian reform is here used.

[1] A paper presented at the session of the Agricultural History Society with the American Historical Association and other historical societies at Toronto, Ontario, Canada, on December 28, 1932.

In most of the region mentioned the armistice period also saw new governments, both in newly-formed countries and in old ones. In most cases the change involved the calling of a constituent assembly. Such assemblies were usually agrarian in sympathy, if in some cases only to save themselves. Some members were described as agrarian, but in the sense that they were landholders and wanted to keep what they had.

The authorization of compulsory changes in landholding would normally come before these constituent assemblies in the form of an article in the proposed constitution. Actually, as a result of the lack of similarity in land situations, in political situations, and in demands for remedies, which were legion, the authorization varied considerably from country to country in point of time, in source of authority, if any, and in agency taking action. Such agency might be a constituent assembly in either a constituent capacity or a legislative capacity, a regular legislative body by whatever term known, or an administrative agency.

In Greece revolution and counter-revolution after the World War led to no constituent assembly meeting for several years and reform activities were based upon a mere pre-war parliamentary declaration that expropriation was in the interest of the public and was not unconstitutional.[2] Likewise the pre-war reform battle in Denmark was renewed in the post-war period not in a constituent assembly but in the Rigsdag.[3]

In most countries under consideration, however, arguments for and against land reform were marshalled and reviewed by one or more constituent assemblies, sometimes as a mere parade, usually as a preliminary to grim action. Several types of treatment were meted out. Some assemblies which were actually in session refused to deal specifically with the problem and therefore left it to be further ignored, or to be dealt with, by regularly constituted legislative or executive authorities.

Such was the procedure in Finland. When Finland broke with

[2] See B. Simonide, "La Question Agraire en Grece," *Revue d'Économie Politique*, 37:785 (1923).

[3] L. Th. Arnskov, *Small Holdings in Denmark, 25 Years Legislation*, 5 ([Copenhagen?], 1924, reprinted from the Danish Foreign Office Journal).

Russia in 1918 and proclaimed the Finnish Socialist Workmen's Republic on January 28, 1918, the growing land question was for the moment overshadowed.[4] The Red government, never thoroughly communistic and destined not to secure adoption of its constitution,[5] included in its proposals neither nationalization of the means of production nor redistribution of land.[6]

Land problems were pushed still further into the background by the accession of Whites, by an attempt to establish a kingdom, and by the setting up of a republic following the armistice. An agrarian minority was active and influential but nationalism triumphed over class interests for the moment.[7] The constituent diet of 1919 therefore interested itself largely in problems not primarily economic and failed to pass an agrarian draft of a constitution.[8] Another draft prepared by the Progressives and not dealing directly with the land problem was thereupon adopted[9] and it was left to the newly constituted, regular, legislative body to pass a fundamental agrarian reform law.[10]

Plans for a draft of a German constitution were submitted to the Weimar Constituent Assembly of 1919, both by the Council of People's Commissaries and by Dr. Hugo Preuss, presently to become Minister of the Interior. Both looked to agrarian reform and considered increased agricultural production the objective. Preuss preceded this motive, however, with the repopulation of country districts and the increase of agricultural labor.[11] The German Democratic Party declared a large and independent

[4] Cf. Kyösti Haataja, "Land Reform in Finland," *Bank of Finland Monthly Bulletin*, 12:22–26 (1928). The author was chief director of the Board of Survey.

[5] Malbone W. Graham, Jr., *New Governments of Eastern Europe*, 196–197 (New York, 1927).

[6] *Ibid.*, 195.

[7] Certain laws were actually passed in 1918 and 1919. Cf. Haataja, *op. cit.*

[8] A five-sixth majority was necessary for adoption. Cf. Graham, *op. cit.*, 208.

[9] July 17, 1919. See the text in Howard Lee McBain and Lindsay Rogers, *The New Constitutions of Europe*, 468–486 (New York, 1922).

[10] Cf. Lex Kallio, October 14, 1922. *Annuaire International de Legislation Agricole*, 13:830–848 (Rome, 1923).

[11] See the extract from Scheidemann's speech before the Weimar Assembly, outlining the policy of the government, February 13, 1919, Malbone W. Graham, Jr., *New Governments of Central Europe*, 454 (New York, 1926), and Subsection 28 of Preuss's proposal for a constitution of the Reich, *ibid.*, 459.

peasant class to be desirable and proposed that State and private property be used for settlement purposes.[12]

Several influences, however, precluded radical agrarian legislation by the German assembly. These included her experience with Bolshevism, the pressure of other matters, the political complexion of the constituent assembly, and the general policy of that body to avoid routine legislative action until it had reverted to the status of a legislative assembly. Moreover for some of the same reasons the economic section of the constitution was a compromise measure bearing less upon agrarian reform than upon ownership of urban homes. It also showed a general tendency to reinforce the status of private property.[13] Bulgaria's agrarian reform phase of "Green Socialism" was also the work of agencies other than a constituent assembly.[14]

Other constituent assemblies were willing to include in their constitutions clauses authorizing agrarian reform but preferred to leave to administrative officials or to regular legislative bodies the development of the solutions thus authorized.

In Yugoslavia, representing this type of procedure, notwithstanding numerous promises and administrative decrees during the national formative period,[15] early constituent and semi-constituent bodies found other important problems with which to deal. A so-called December Constitution of 1918,[16] and a provisional constitution of June 14, 1919,[17] were concerned with national organization. Both the Provisional National Assembly of 1919 and 1920, and the Constituent Assembly of 1921, acting as

[12] Draft of the program of the German Democratic Party, *ibid.*, 467–471.

[13] Cf. the German Constitution, articles 153–156, McBain and Rogers, *op. cit.*, 206.

[14] Cf. the lengthy but somewhat inaccurate anti-reform study by L. Bouroff, *La Reforme Agraire en Bulgarie* (Paris, 1926); also International Labour Office, *Refugees and Labour Conditions in Bulgaria* (Studies and Reports, Series B, Economic Conditions, no. 15), 27–35 (Geneva, 1926); and for texts of early post-war laws and decrees see *Annuaire International de Legislation Agricole*, 11:942–986 (1921).

[15] Cf. Milan Ivsic, *Les Problemes Agraires en Yougoslavie*, 99–107 (Paris, 1926).

[16] For the resolution of the National S. H. S. Council at Zagreb in regard to the final organization of the Serb-Croat-Slovene State, see Graham, *New Governments of Central Europe*, 637–639.

[17] Outline of the provisional constitution of the S. H. S. State, *ibid.*, 643–644.

the legislature of the day, refused to interfere with the executive program.[18] The Constituent even had great difficulty in agreeing on the treatment of the problem in the constitution.[19]

All Yugoslav parties outwardly recognized the necessity of reform. The Prince Regent promised it;[20] the Starčević Party recognized inevitable delay but recommended certain immediate actions;[21] and the Socialists proposed expropriation of holdings in excess of what owners could work and favored the organization of an agrarian bank to aid peasants.[22] The Communists saw in programs of all other parties only attempts to give power to the rich. They pleaded for control of the land by whose who worked it, preferably through government ownership and the abolition of private ownership.[23] They opposed the payment of indemnity, the chief basis of disagreement in the economic program.[24]

A Yugoslav commission on the constitution greatly expanded constitutional proposals previously pared to the quick by governments which hoped thus to facilitate their adoption and to prevent threatened disintegration. The commission thus inserted a series of articles on the economic and social relations of citizens.[25] Agrarian reform, therefore, came to the fore and presented anew the question of indemnity. Korach, the minister for social welfare in 1919, had favored confiscation of the estates of Moslem landlords and had withdrawn from the cabinet when his program

[18] Milorad Nedelkovitch, "La Reforme Agraire en Yougoslavie," *Revue d' Économie Politique*, 38:6 (1924).

[19] Graham, *op. cit.*, 354.

[20] Proclamation of the Prince Regent, January 6, 1919, *ibid.*, 639–641.

[21] Principles of the Starčević Party, *ibid.*, 641–642.

[22] Proposition submitted by a Socialist Club, May 23, 1921, *Proceedings of the Commission on the Constitution*, Appointed by the Constituent Assembly (in the vernaculars) (Zagreb, 1921?).

[23] Speech of Dr. Markovitch, communist, *ibid.*, March 18, 1921.

[24] Manifesto of the Yugoslav Communist Party, October 12, 1920, Graham, *op. cit.*, 644–645.

[25] Yugoslav constitutional projects, based on an article by M. Slobodan Yovanović, professor of public law at the University of Belgrade, *ibid.*, 645–647; Nikodie Yovanovitch, *Étude sur la Constitution du Royaume des Serbs, Croates et Slovenes du 28 Juin 1921 avec texte official integral* (Paris, 1924); also numerous speeches on the subject, *Proceedings of the Commission on the Constitution*, March 17, 18, April 5, May 21, 23, June 3, 1921.

met opposition. Pašić, premier during the life of the Constituent Assembly of 1921, included agrarian reform provisions in the constitution and promised liberal compensation.[26] He thus won the necessary votes of the Slovene Agrarians and of twenty-four Moslems and saw the adoption of his bitterly opposed Centralist constitution in 1921.[27] A new constitution adopted ten years later reflected the reactionary spirit of the interim in regard to property rights.[28]

At Iaşi in June, 1917, the Rumanian constituent assembly amended the old constitution to authorize expropriation for reasons of national utility as well as for the previously allowed public utility. Upon the defeat of the Central Powers, Transilvania conditioned union with Rumania upon the acceptance of agrarian reform and democracy while Bucovina "adopted the principle of agrarian reform prior to its vote of reunion with the mother country."[29] Bessarabia, land-hungry and under the influence of Russia, passed a drastic reform act before voting reunion but modified it on condition that Rumania would decrease exemptions. Reunion was followed by a series of decrees and laws each designed to remedy conditions in some province.

Under a Spanish constitution of December 9, 1931, wealth is subordinated to national interests through expropriation for such purposes and upon payment of compensations, unless excepted by law.[30] It remained for the Cortes to pass a far-reaching agrarian law in September, 1932.[31] Similarly other constituent assemblies hurried to the passage of agrarian legislation after providing a temporary constitution but before working out a permanent one.

An Austrian provisional constitution of November 12, 1918,

[26] See articles 42 and 43 of the Constitution of the Kingdom of the Serbs, Croats, and Slovenes (Yugoslavia) in McBain and Rogers, *op. cit.*, 355. Article 43 provides that a future law "will provide the kind of compensation that will be given expropriated estates."

[27] Graham, *op. cit.*, 357, 380.

[28] See Article 22 of the Yugoslavian Constitution of September 3, 1931 and Article 27 of that of June 28, 1921. Cf. *Revue International de Sociologie*, 40:429 (July–August, 1932).

[29] Ifor L. Evans, *The Agrarian Revolution in Roumania*, 104 (Cambridge, 1924).

[30] Article 47, as reprinted in *Current History*, 36:378 (June, 1932).

[31] *World Tomorrow*, 15:271 (September 21, 1932).

was followed by a constituent assembly elected in January, 1919, which met in March for a two-year session of constituent and legislative activities. Each of the major parties specifically included agrarian reform in its party program[32] and, upon the formation of a coalition cabinet, a detailed government program of so-called socialization was announced, paralleling rather closely the German program made almost simultaneously.[33] The Austrian government program, however, was far less specific in regard to agrarian reform than were individual Austrian party platforms and attempted, in a measure, to give reassurance to property holders.[34] Socialism, it appeared, was by no means firmly entrenched. Further, reports of Austrian Bolshevist leanings would neither serve to consolidate Austrian territories nor to win much-needed food from abroad. The government therefore stood firmly against the most radical experiments and insisted upon respect for property rights. Several acts were passed by the constituent assembly in 1919 and 1920 designed to restore to peasants land taken after 1870 and to establish new holdings,[35] to minimize land speculation, to regulate prices of land,[36] and relating to a system of agrarian authorities, to expenditures on reorganization and to a scheme of consolidation.[37] Now that the constitutionality of agrarian reform had been recognized the question could be largely ignored by the constitution itself.[38]

Likewise the Estonian constituent assembly turned early to agrarian reform. It passed a provisional constitution on June 4, 1919, declaring it the mission of that body "to establish the fundamentals of the agrarian law and of the principal social reforms."[39]

[32] Cf. the program of Christian Socialist Party, Graham, *op. cit.*, 513–514; and the Social Democratic program, *ibid.*, 516–519.

[33] *Ibid.*, 152.

[34] Cf. the domestic program of the Renner Ministry, March 15, 1919, *ibid.*, 519.

[35] Act of May 31, 1919. Cf. Herman Kahlbrunner, "Absorption of Peasant Holdings and Legislative Efforts to Counteract It," *International Review of Agricultural Economics*, 11:270–276 (1920).

[36] Arthur Wauters, *La Reforme Agraire en Europe*, 72 (Bruxelles, 1928).

[37] H. Kahlbrunner, "The Progress of Land Reorganization [in Austria]," *International Review of Agricultural Economics* (n.s.), 2:636–640 (1924).

[38] See the text of Austrian Constitution, McBain and Rogers, *op. cit.*, 256–300.

[39] Provisional Organic Law of the Republic of Estonia, June 4, 1919, Graham, *New Governments of Eastern Europe*, 653–660.

Though still menaced by both Germans and Bolsheviks, the assembly immediately set to work. The government urged liquidation of Estonia's eight hundred great estates and formation of small holdings on both economic and political grounds.[40] There was widespread support for the government's program and but little defense of the Baltic barons. Spokesmen for the German Party even denied the prevalent belief that they opposed reform but cited opposition to the land fund as established, to the sweeping nature of current proposals, and to numerous cases of alleged incompetent administration of abandoned or expropriated estates. They opposed the government's bill on the ground that it was more likely to lead to an agrarian revolution than to an agrarian reform; that for various reasons it was impossible yet to estimate the project from an objective and technical standpoint; and that it would entail immense losses to private owners, churches, cloisters, banks, and creditors.[41] Despite these protests the assembly passed the government's liberal basic agrarian law on October 10, 1919,[42] and some seven months later adopted a permanent constitution containing no direct provisions for agrarian reform.[43]

In a similar way a Latvian constituent assembly, elected in 1920, adopted a temporary constitution on June 1, 1920, placing on itself the duty of passing agrarian legislation,[44] and then proceeded to the performance of this and other imperative duties before the adoption of a permanent constitution. During most of the next three and one half months the assembly studied and debated agrarian reform.[45] The first and fourth parts of a basic

[40] For the agrarian program of the Estonian Government see the excerpt from the speech of Prime Minister Otto Strandman to the Constituent Assembly, July 29, 1919, *ibid.*, 660–662.

[41] *Proceedings of the Esthonian Constituent Assembly* (in the vernacular), 350–354, 430–436, 502, 509–510, 606–609, 611–615, 1289, 1300–1304, 1339, 1924, 1933–1934 (Tallinn, 1919).

[42] See the text in *Annuaire International de Legislation Agricole*, 9:803–805 (1919).

[43] June 15, 1920, McBain and Rogers, *op. cit.*, 454–464.

[44] Provisional Constitution of the Latvian State, Adopted by the Constituent Assembly, June 1, 1920, Graham, *op. cit.*, 694–695.

[45] *Proceedings of the Latvian Constituent Assembly* (in the vernacular), 162 (June 17, 1920) to 1099 (September 17, 1920) (Riga, 1920).

law, not unlike that of Estonia, were passed September 16 and 17, 1920, dealing with the creation of a state land reserve and with the administration of land reform.[46] Some three months later, after further debate, these were followed by a second part of the law, dealing with land distribution.[47] Discussion continued at intervals while the constitution was being prepared,[48] but after such a beginning the Latvian constitution, as passed on February 15, 1922,[49] could well ignore the subject and await the passage of the final part of the basic law a few weeks later.[50]

In Lithuania, a provisional constitution was adopted in 1919 and a year later a constituent assembly was elected and a second provisional constitution adopted. Both the Christian Democratic Party, which held 59 of the 112 places in the assembly, and the Populists, who held 29 places, advocated agrarian reform,—the first as an antidote to Bolshevism; the second because of the interests of its membership. Even the Social Democratic group with its membership of thirteen was not inclined toward Bolshevism but toward reform. The assembly therefore turned to the land problem before the drafting of a constitution.[51] It ratified a number of reform measures of the provisional government and in 1922 passed a basic agrarian reform law, largely the work of the Christian Democrats and Populists.[52] In the constitution adopted two weeks later, the principle of private ownership was

[46] *Ibid.*, 1020–1059, and 1060–1099 respectively. For texts see *Annuaire International de Legislation Agricole*, 10:683–704 (1920), and 11:996–1000 (1921), respectively.

[47] *Proceedings of the Latvian Constituent Assembly*, 1920, p. 1642–1648, 1742–1794, 1828–1875 (Dec. 15, 17, 21, 1920). See text in *Annuaire International de Legislation Agricole*, 11:993–996 (1921).

[48] See *Proceedings of the Latvian Constituent Assembly*, May 20, 25, 27, June 3, 7, October 14, 18, 28, November 4, 1921; February 3, 1922.

[49] See the text in Graham, *op. cit.*, 695–705.

[50] Part 3 of the Latvian Agrarian Law passed May 3, 1922. For debates, see February 17, 28, March 7, 14, 15, 22, 29, May 3, 1922, in the *Proceedings of the Latvian Constituent Assembly*, volume 1 for 1922. For a summary of the bill see the *International Labour Review*, 20:43 (1929).

[51] See Graham, *op. cit.*, 383. See *Records of the Lithuanian Constituent Assembly* (in the vernacular), May 20, 22, June 23, 28, July 2, 28, 30, 1920; April 19, 26, 29, May 3, 6, 10, June 14, 17, 21, 23, 28, 30, July 1, 5, 7, 8, Dec. 17, 19, 1921; Jan. 10, 13, 20, 24, 27, 31, Feb. 3, 14, 15, 1922.

[52] February 15, 1922. Cf. Graham, *op. cit.*, 383.

made the basis for the management of land, the State reserved the right to regulate management and ownership, and details of distribution were left to law.[53]

A provisional constitution for Czechoslovakia was adopted on October 28, 1918, and a constituent assembly met on November 14. It was then reported that an agrarian reform bill was already in preparation.[54] The Agrarians, holding 54 of the 256 assembly seats, urged immediate action. Social Democrats, holding 46 seats, favored expropriation but were not agreed as to the distribution of land. Some favored operation of estates as socialistic enterprises; others agreed to expropriation with compensation and favored distribution in units suitable for family employment.[55] The Premier recommended action looking to the sale of estates in Slovakia to offset promises being made to the Slovaks by Hungary but he encountered delay, numerous programs, and almost constant discussions. The National Socialists proposed expropriation of estates exceeding 50 or 100 hectares in area, "even without payment if necessary."[56]

The chairmen of various parties agreed to the principle of reform on February 22, 1919; a committee of 32 members of the National Assembly to draft a bill was elected on March 26; they finally agreed upon a text which could be interpreted to mean either that land was expropriated without more ado or merely that the government was empowered to expropriate; and the law providing for expropriation, sometimes called the Land Control Law, was passed on April 16, 1919.[57] Long debates ensued over the way in which a land office should be organized, over the question of compensation for expropriated land, and the principle to determine how, to whom, and under what circumstances the land should

[53] *Ibid.*, 386, 432. Cf. text in *Current History*, 17:480–485 (December, 1922).

[54] See the able discussion in Lucy Textor's *Land Reform in Czechoslovakia* (London, 1923), to which the present writer is greatly indebted.

[55] *Ibid.*, 23.

[56] *Ibid.*, 26.

[57] *Ibid.*, 30, 34. See the text in the *Annuaire International de Legislation Agricole*, 9:909–912 (1919); Cf. Joseph Gruber, editor, *Czechoslovakia, A Survey of Economic and Social Conditions* (New York, 1924), ch. 4, "Land Reform by Rovel, Antonin, Secretary, Government Land Office, Prague."

be distributed. Administration of mismanaged estates was easily prescribed in February,[58] but the more difficult agreement to permit compensation was delayed until April 8.[59] Immediate, direct purchase of land held continuously by a given tenant since 1901 was permitted by another bill,[60] and compulsory leases by still another.[61]

Hungary, too, might well be placed in this group. Following the first of a series of post-war revolutions, the radical Karolyi government attempted land distribution[62] and met considerable opposition.[63] After much vacillation it passed a reform law,[64] but it was soon ousted by the Communist Revolution of March, 1919. The Communists then began the socialization of the larger estates[65] without waiting for action by a constituent assembly but soon went down in a counter-revolutionary movement which finally led to the meeting of a constituent assembly under the White Horthy régime on February 16, 1920.[66] For political reasons the land problem was presented to the assembly by one cabinet after another and as often crowded out by other matters. A new cabinet, formed in June, 1920, pressed the matter and presented a new bill which was debated for weeks and passed November 12, 1920.[67] Adverse critics attacked the liberal compensation feature of the bill and deemed this the most moderate agrarian

[58] Feb. 12, 1920. Cf. *Annuaire International de Legislation Agricole*, 10:723–730 (1920).

[59] *Ibid.*, 731–747.

[60] May 27, 1919; cf. *ibid.*, 714–722.

[61] Textor, *op. cit.*, 47.

[62] See the agrarian reform section, Article 9, of the program of the Hungarian National Council, organized by Karolyi on October 24–25, 1918, in Count Michael Karolyi, *Fighting the World: A Struggle for Peace*, 299 (New York, 1925).

[63] O. Jaszi, *Revolution and Counter Revolution in Hungary*, 81 (London, 1924).

[64] February 15, 1919. See Jaszi, *op. cit.*, 84, for a discussion of an earlier night session of the Radical and Socialist ministers at which this compromise was agreed upon.

[65] Dr. Schandl Karoly, *La Politique et La Reforme Agraire en Hongrie*, 141 (Budapest, 1927). The author was at one time Hungarian minister of agriculture; cf. Graham, *New Governments of Central Europe*, 221; Jaszi, *op. cit.*, 125; and Karolyi, *op. cit.*, 142.

[66] Graham, *op. cit.*, 248.

[67] For discussion of supporters see Karoly, *op. cit.*, 144. For the contents see Ladislaus von Thuranszky, *Das Ungarische Bodenreformgesetz*, 28 (Budapest, 1921).

reform bill in Europe with no plan for general abolition of feudal estates nor for a broad plan of land distribution.[68]

In a Polish constituent diet, elected on January 26, 1919, an aggressive interest in reform took precedence over projects for a constitution, and from April to July, 1919, there was prolonged study and debate on various agrarian reform bills.[69] One was defeated, on a close vote, as smacking of nationalization; another was defeated as too weak in not giving explicit right of appropriation;[70] a compromise bill, purged of its more radical proposals and resembling more nearly the conservative legislation in Czechoslovakia and Yugoslavia than that of the Baltic countries, was passed July 10, 1919.[71] It proved to be a mere gesture, however, soon to be overshadowed by Russian war clouds and the demand for reform was for the time unanswered.

A year later something was needed to win the support of the Polish landless peasantry against the onslaughts of Bolshevism, both in doctrine and on the field of battle. The constituent diet, upon the advice of the ministry of the day, hurriedly passed a bill on July 6, 1920, for the organization of land offices,[72] and soon afterward a bill for the execution of reform,[73] and another designed to provide land for soldiers by appropriation.[74] But the Bolshevist army was soon repulsed; spread of his doctrines could now be more easily curbed; the support of the peasantry became less imperative; conservatism returned and the cause of agrarian reform was again pushed aside, save for certain more or less perfunctory acts.

[68] Jaszi, *op. cit.*, 192; Wauters, *op. cit.*, 88; Karolyi, *op. cit.*, 179–180. For a defense of this program see Count Paul Telekei, *The Evolution of Hungary and its Place in European History*, 179 (New York, 1923); also the Hungarian Ministry of Agriculture, *La Reforme Agraire en Hongrie et la Solution Financiere de ses Problemes*, 42 (Budapest, 1929).

[69] For party strength and programs in the Polish constituent diet see Graham, *New Governments of Eastern Europe*, 456–460. See *Proceedings Polish Constituent Diet*, 1919 (in Polish), May 16, June 3–6, 12–14, 16–18, 24, 26, 28, July 1–4, 7–8, 10.

[70] Graham, *op. cit.*, 457.

[71] *Ibid.*, 458. See text in *Annuaire International de Legislation Agricole*, 9:871–877 (1919).

[72] Cf. *ibid.*, 10:693 (1920).

[73] July 15, 1920. See *ibid.*, 693–704.

[74] Dec. 17, 1920. See *ibid.*, 704–706.

The Polish Constitution, as finally adopted on March 17, 1921, reflects the conservative policy of the constituent diet, and declares property to be "one of the most important bases of social organization and legal order."[75] No formal mention was made of agrarian reform, and it continued to be agitated until 1925. In Poland, as in Germany, the menace of Bolshevism had, in the long run, entrenched property holders, despite gestures for reform when invasion threatened, and led to a demand for guarantees of property rights.

What influences, it may be asked, were conducive to European agrarian reform? If "deplorable economic conditions were everywhere the impelling motive,"[76] the demands of war veterans appear to have been a close second. In most countries, therefore, veterans and their families were accorded a preferred position among beneficiaries.[77] In some instances, too, large holdings already in possession of governments offered a place at which to begin. This soon suggested a search for sources from which this landed reserve might be increased. The search was facilitated and sometimes suggested by the great estates of Baltic barons, usually of foreign blood and often nonresidents, by memories of such "historic wrongs" as the confiscation of Czech lands after the ancient battle of White Mountain,[78] by vast accumulations of properties by Moslem landlords or by other national minorities such as the landlords of Rumanian Transilvania who became Hungarian citizens.[79] Another stimulus lay in European food

[75] See Article 99 of the Polish Constitution, McBain and Rogers, *op. cit.*, 419. For a summary of the above-mentioned laws and of their defects, see Dr. Adam Rose, *Le Probleme Agraire en Pologne*, 18–26 (Varsovie, 1926).

[76] Textor, *op. cit.*, 15.

[77] Lettonie-Loi agraire (IIeme partie) Dec. 21, 1920, *Annuaire International de Legislation Agricole*, 11:993 (1921); Lithuanian Provisional Government, Decret N. 39 concernant la reforme agraire, Dec. 11, 1920, *ibid.*, 1003; Polish law of July 15, 1920, but not retained by the Polish Law of Dec. 28, 1925; and Article 77, Esthonian Decree on Agrarian Law, Feb. 28, 1920, *ibid.*, 15:900 ff. note (1925); Yougoslav decree-law, Feb. 25, 1919, cited by Ivsic, *op. cit.*, 177; and Hungarian authorization of assignment of "hero estates," *International Review of Agricultural Economics*, 13:894 (1922).

[78] Textor, *op. cit.*, 18, citing Ernest Denis, *La Boheme depuis la Montagne-Blanche*, 1:55 (Paris, 1903).

[79] [The Royal Hungarian Government], *The Hungarian Minorities in the Succession States*, 18–19 (Budapest, 1929).

shortages, the consequent necessity of stimulating production, and the hope that peasant ownership would stimulate intensive cultivation. Peasant ownership, it was believed, would also lead to political stability and act as a check on communism and Bolshevism.[80] By the same process much-needed enlistments might be stimulated (as in Poland), votes won for constitutional or legislative projects (as in Yugoslavia and Rumania),[81] or border lands colonized as buffer settlements.[82]

Arguments and influences impeding reform authorization and legislation were legion and are not always distinguishable from those hampering its execution. Where previously had been industrialism, liberalism, and war, but not agrarian reform, many conditions were now changed. Crowns toppled, thrones went begging, political and economic theory went into reverse, landed aristocracy went abroad for safety, and orphaned Opportunity tapped shyly at the door of the peasant. But Dame Rumor soon had it that a wanton hussy was being entertained and, unless disciplinary measures were immediately taken, refused to be responsible for the consequences. In anticipation of a christening a number of names appeared: Confiscation,[83] Revolution,[84] Foreign Disapproval (as feared in Austria), Decreased Production,[85] Technical Unpreparedness,[86] Administrative Inefficiency,[87] Maladministration,[88] Financial Embarrassment,[89] Agricultural Unem-

[80] Graham, *op. cit.*, 456.

[81] Cf. M. Garoflid as quoted in David Mitrany, *The Land and the Peasant in Roumania*, 107 (London, 1930).

[82] Speech of P. Jan Dabski, *Proceedings of the Polish Constituent Assembly*, 44th Session, June 3, 1919.

[83] Due to what was considered an inadequate compensation, to dissatisfaction with payment in paper money or in bonds, or to the denial of compensation as by a special act in Latvia some four years after the reform act of 1920. Cf. *International Labour Review*, 20:40 (July, 1929).

[84] *Minutes of the Esthonian Constituent Assembly*, 606 (Aug. 5, 1919).

[85] Bouroff, *op. cit.*, 110 ff.

[86] Adam Rose, *op. cit.*, 30.

[87] *Minutes of the Esthonian Constituent Assembly*, 430 (May 6, 1919), and 1933 (October 3, 1919).

[88] Bouroff, *op. cit.*, 110.

[89] Cf. Mitrany, *op. cit.*, 421; also W. Michelski, "Le Financement de la Reforme Agraire," *La Reforme Agraire en Pologne*, 32 (Varsovie, May, 1929).

ployment, Mistreatment of National Minorities,[90] Unconstitutionality,[91] and an array of others. Fortunately, efforts at predetermination and early choices of names are ineffectual and however much handicapped by heredity and environment, agrarian reform seems to have achieved permanence.

[90] C. Kasinski, and others, *La Reforme Agraire en Pologne*, 12 (Varsovie, 1929).

[91] As in case of the Bulgarian agrarian reform act of 1921. Cf. Bouroff, *op. cit.*, 110 ff.

NEWS NOTES AND COMMENTS

A HISTORY OF SOUTHERN AGRICULTURE TO 1860

Dr. Lewis Cecil Gray's *History of Agriculture in the Southern United States to 1860* (Washington, 1933. 2 v.) has been issued by the Carnegie Institution of Washington as its *Publication No. 430.* It is a companion study to the *History of Agriculture in the Northern United States, 1620–1860* (Washington, Carnegie Institution of Washington, 1925. 512 p.), by Percy W. Bidwell and John I. Falconer. In his preface, Dr. Gray states that his fundamental interest in the preparation of the volumes has been economic rather than technological. He has viewed his undertaking as one that includes "an attempt to understand the way of life of a great section of our country, which was almost entirely agricultural, to describe its system of agricultural organization, to discern, if possible, the forces that moulded its socio-economic life, and to trace the interrelations of its economy and its institutions." The cognate subjects, such as land policy and tenure, the legal and economic characteristics of slavery and servitude, the mechanism for marketing and credit, and the various economic classes, are adequately treated. Except for chapters on broad tendencies which manifested themselves throughout the period covered by the study, the subject is considered with reference to three primary chronological subdivisions,—the colonial period; the period of transition from colonial to national economy, extending from the close of the American Revolution to the time of Whitney's invention of the cotton gin; and the remaining period to the Civil War. Each of these chronological divisions is subdivided topically, and each topic is usually considered chronologically and to some extent geographically. Certain chapters also summarize the course of agricultural expansion by regions. In the words of Dr. Henry C. Taylor in the Introductory Note, "Dr. Gray has made a permanent contribution to economic history, agricultural economics, technical agriculture, and to the general social and political history of the South."